

BUDGET LETTER

SUBJECT: PAYMENT OF VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD CLAIMS, DEPARTMENT OF JUSTICE SETTLEMENTS AND JUDGMENTS	NUMBER: BL 02-38 DATE ISSUED: October 18, 2002
REFERENCES:	SUPERSEDES: BL 01-46

TO: Departmental Budget Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

Legislation authorizes payment of government claims approved by the California Victim Compensation and Government Claims Board (Board, formerly "Board of Control") and Department of Justice (DOJ) settlements and judgments in one of two ways. First, when the Board or DOJ has identified the appropriation to be charged and the accounting office of the affected department has certified that the necessary funds are available (Situation 1), chaptered legislation may reduce individual Budget Act items and transfer the authority for payment of claims to the Board or DOJ. Second, when there is no other statutory authority for payment or if there are insufficient funds available in an individual appropriation (Situation 2), chaptered legislation may authorize the Board or DOJ to pay claims directly from specified fund balances.

Occasionally, errors or subsequent changes will cause an incorrect fund to be charged to pay a claim. When this occurs, the department's accounting office, the Controller's Office, or the Department of Finance (Finance) informs the Board or DOJ of any error identified in the chaptered legislation. Once the errors are identified, the Board or DOJ then notifies the Controller of the correct fund and/or item of appropriation from which to pay the claim. In these instances, the Supplementary Schedule of Appropriations (Schedule 10s) will reflect the correct fund. As a result, when the citations and/or amounts in the chaptered claims bill do not agree with the citations and/or amounts reflected in the Schedule 10s, the information reflected on the Schedule 10s is considered the accurate data.

For 2001-02 and 2002-03, Attachments A and B, respectively, list expenditures from funds for Board claims and DOJ settlements and judgments. **These expenditures are not to be included in departmental program costs** since they are reported in the Legislative Claims budget (9670). Instead, these expenditures are to be reflected in the respective Fund Condition statements as listed on the Attachments.

Attachment C provides a sample of how these adjustments are to be reflected in the various budget documents (e.g., the Schedule 10s, the Reconciliation with Appropriations (RWA), and the Fund Condition Statements).

Situation 1--Reductions to Departmental Appropriations

Chapters 47 and 81, Statutes of 2001, authorized reductions to 2001 Budget Act items. Chapter 95, Statutes of 2002, authorizes reductions to 2002 Budget Act items. However, the second equity claims bill for 2002 did not pass during the recent legislative session. Further reductions to 2002 Budget Act items will be reflected as pending legislation. For reference purposes only, these reductions can be found in AB 3019, 2001-2002 legislative session.

In preparing budget development documents for the past and current years, please refer to the following information:

- Before distributing 2002-03 Schedule 10s to departments, Finance's Financial Operations Unit preposted the chaptered and pending Legislative Claim reductions to the affected departments' items. (Adjustments to 2001-02 Schedule 10s were made last fall.)
- Departmental RWA should include a separate line item for the Legislative Claims reductions reflected in their Schedule 10s as shown in Attachment C, Part A. Under the new automated RWA process, the automated report already reflects this display.
- In addition, departments must include these claim expenditures in the appropriate Fund Condition Statement as a disbursement per "9670 " (see Attachment C, Part A) for both past and current years.
- In the planning estimate (PE) worksheets, reflect the transfer of expenditure authority as a negative amount on PE line 0600, "Transfer To (within a fund)". Correspondingly, the 9670 PEs will reflect the expenditure authority as a positive amount on PE line 0650, "Transfers From (within a fund)". This applies to 2002-03 only.

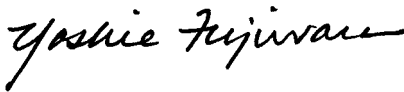
Because the chapters transfer the authority for payment of the claims to the Board or the DOJ, the claim payments (expenditures) are reflected in the Legislative Claims budget (9670) (see Attachment C, Part B) rather than in a department's program budget.

Situation 2--Direct Charges to Fund Balances

The above-referenced statutes also authorize the Board and/or the DOJ to pay claims directly from specified funds in prescribed situations (see Attachments A and B). In these situations:

- The payment (expenditure) of the claims is displayed in the Legislative Claims budget (9670) (see Attachment C, Part B).
- Responsible departments must include these expenditures in the appropriate Fund Condition Statements as a disbursement per "9670" (see Attachment C, Part A) for both past and current years.

Please call Jennifer Osborn, Principal Program Budget Analyst, or Joseph Shinstock, Finance Budget Analyst, at (916) 445-8913 if you have any questions.



Yoshie Fujiwara
Program Budget Manager

Attachments

Upcoming Budget Letters

- Control Sections 31.60 and 31.70
- Submission of Budget Materials to the Legislative and the Legislature Analyst's Office
- Capital Outlay (CO) Five Year Plan & CO Budget Submission for 2004/05

LEGISLATIVE CLAIMS (9670) EXPENDITURES TO BE
INCLUDED IN FUND CONDITIONS FOR
FISCAL YEAR 2001-02
(Dollars in thousands)

	Chapter 47/01	Chapter 81/01	Totals
Special Funds:			
0027 Tax Relief and Refund Account	\$121	\$482	\$603
0042 Highway Account, State, STF	52	3	55
0044 Motor Vehicle Account, STF	7	19	26
0054 New Motor Vehicle Board Account	-	2	2
0084 Bank and Corporation Tax Fund	3	2	5
0094 Retail Sales Tax Fund	-	76	76
0133 Beverage Container Recycling Fund, CA	21	10	31
0185 Employment Development Contingent Fund	4	-	4
0200 Fish and Game Preservation Fund	-	1	1
0217 Insurance Fund	3	-	3
0320 Oil Spill Prevention and Administration Fund	1	80	81
0392 Parks and Recreation Fund, State	1	3	4
0462 Public Utilities Commission Utilities Reimbursement Account	-	8	8
Nongovernmental Cost Funds:			
0502 Water Resources Development Bond Fund	-	2	2
0506 Central Valley Water Project Construction Fund	25	-	25
0562 State Lottery Fund	-	1	1
0588 Unemployment Compensation Disability Fund	6	2	8
0666 Service Revolving Fund	-	1	1
0822 Public Employees' Health Care Fund	1	-	1
0830 Public Employees' Retirement Fund	8	4	12
0970 Unclaimed Property Fund	-	80	80

All figures are rounded to the nearest \$1,000.

All expenditures above are Situation 2.

LEGISLATIVE CLAIMS (9670) EXPENDITURES TO BE
INCLUDED IN FUND CONDITIONS FOR
FISCAL YEAR 2002-03
(Dollars in thousands)

	Chapter 95/02	Pending Legislation	Totals
Special Funds:			
0014 Hazardous Waste Control Account	\$3	-	\$3
0027 Tax Relief and Refund Account	857	\$386	1,243
0042 Highway Account, State, STF	17	53	70
0044 Motor Vehicle Account, STF	21	51	72
0069 State Board of Barbering and Cosmetology Fund	-	1	1
0084 Bank and Corporation Tax Fund	8	16	24
0094 Retail Sales Tax Fund	13		13
0133 California Beverage Container Recycling Fund	-	17	17
0185 Employment Development Contingent Fund	4	9	13
0214 Restitution Fund	2	-	2
0217 Insurance Fund	-	59	59
0392 Parks and Recreation Fund, State	-	1	1
0439 Underground Storage Tank Cleanup Fund	8	-	8
0486 Emergency Clean Water Grant Fund	2	-	2
Nongovernmental Cost Funds:			
0582 High Polluter Repair or Removal Account	-	1	1
0588 Unemployment Compensation Disability Fund	3	13	16
0666 Service Revolving Fund	21	2	23
0696 Welfare Advance Fund	3	1	4
0822 Public Employees' Health Care Fund	1	-	1
0830 Public Employees' Retirement Fund	-	1	1
0835 Teacher's Retirement Fund	-	5	5
0910 Condemnation Deposits Fund	-	2	2
0912 Health Care Deposit Fund	34	-	34
0915 Deferred Compensation Plan Fund	-	2	2

All figures are rounded to the nearest \$1,000.

All expenditures above are Situation 2.

**SAMPLE SITUATION
2660 DEPARTMENT OF TRANSPORTATION
Part A**

RECONCILIATION WITH APPROPRIATIONS 1 STATE OPERATIONS 042 State Highway Account (in thousands)			
APPROPRIATIONS	PY	CY	BY
001 Budget Act appropriation	\$100	\$125	\$200
Transfer to Legislative Claims (9670) (<i>Situation 1</i>)	—	<u>-15</u>	—
TOTALS, EXPENDITURES	\$100	\$110	\$200

FUND CONDITION STATEMENT 042 State Highway Account (in thousands)			
	PY	CY	BY
BEGINNING BALANCE	XXX	XXX	XXX
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EXPENDITURES			
Disbursements:			
2660 Department of Transportation:			
State Operations	100	110	200
9670 Legislative Claims:			
State Operations ( <i>Sum of Situation 1 and Situation 2</i> )	<u>10</u>	<u>35</u>	—
Totals, Disbursements	\$110	\$145	\$200

SCHEDULE 10 - CURRENT YEAR (in whole dollars)			
	Auth	Exp	Sav
--INITIAL AUTHORIZATION--			
Unscheduled	125,000		
--TOTAL--	125,000		
--ADJUSTMENTS--			
(480) Transfer to Leg Claims per Ch X/XX ( <i>Situation 1</i> )			
Unscheduled	-14,785		
--TOTAL--	-14,785		
--REVISED APPROPRIATION TOTALS--			
	YOC		
Unscheduled CY	110,215	110,215	
--TOTAL--	110,215	110,215	

**Part B  
9670 EQUITY CLAIMS OF CALIFORNIA VICTIMS COMPENSATION AND  
GOVERNMENT CLAIMS BOARD AND  
SETTLEMENTS AND JUDGMENTS BY DEPARTMENT OF JUSTICE**

RECONCILIATION WITH APPROPRIATIONS 1 STATE OPERATIONS 0494 Special Funds (in thousands)			
(042 State Highway Account)	PY	CY	BY
APPROPRIATIONS			
Ch x/xx ( <i>Situation 1</i> )	-	\$15	-
Ch y/xx ( <i>Situation 2</i> )	<u>\$10</u>	<u>20</u>	—
TOTALS, EXPENDITURES	\$10	\$35	—

**NOTE:** Italicized comments are for illustration only and are not to be included in actual budget documents.